

## Message Text

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ACTION EUR-12

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5071

INFO AMEMBASSY LISBON

C O N F I D E N T I A L OECD PARIS 01619

E.O. 11652: GDS

TAGS: OECD, PO, EAID

SUBJECT: VISIT OF TECO OFFICIAL TO PORTUGAL

1. DERRY ORMOND, HEAD OF THE TECHNICAL COOPERATION SERVICE OF OECD (TECO) JUST RETURNED FROM SHORT THREE-DAY VISIT TO LISBON IN CONJUNCTION WITH TECO-SPONSORED MIT ECONOMIC MISSION. ORMOND TOLD AMBASSADOR TURNER THAT GOP DECISION REGARDING PROPOSED OECD INVOLVEMENT IN AID TO PORTUGAL HAS BEEN COMPLICATED BY CURRENT PREOCCUPATION WITH INTERNAL POLITICAL SITUATION AS WELL AS BY INTERMINISTERIAL LACK OF COMMUNICATION RELATED IN PART TO POLITICAL SITUATION. WHILE PORTUGUESE AMBASSADOR TO THE OECD HAS RETURNED FROM LEAVE IN PORTUGAL, WE HAVE NOT YET HEARD FROM HIM ON THIS QUESTION. IN VIEW OF SENSITIVITY OF THIS MATTER, WE ARE WAITING FOR MOVEMENT ON PORTUGUESE SIDE BEFORE TAKING FURTHER ACTION.

2. THERE FOLLOWS THE TEXT OF INFORMAL NOTE ON ORMOND'S VISIT TO PORTUGAL, WHICH FURTHER AMPLIFIES SITUATION IN PORTUGAL:

QUOTE: DURING MY VISIT TO PORTUGAL TIMED TO COINCIDE  
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WITH THE START OF THE ECKAUS MISSION, THE MINISTER OF

FINANCE ASKED FOR A DISCUSSION ON THE PROPOSED AD HOC COUNCIL WORKING PARTY OF WHICH HE HAD HEARD ONLY IN GENERAL TERMS. THIS DULY TOOK PLACE WITH THE SECRETARY OF STATE FOR PLANNING PRESENT, BUT NOT THE MINISTER OF ECONOMY AS INTENDED. THE LATTER'S VOICE IS NEVERTHELESS IMPORTANT, SINCE HE IS RESPONSIBLE FOR THE INTERMINISTERIAL COMMISSION FOR INTERNATIONAL ECONOMIC COOPERATION WHICH SERVICES ALL CONTACTS WITH OECD.

DURING THE DISCUSSION, THE BACKGROUND TO THE IDEA WAS COVERED AND A COPY OF THE WRITTEN BRIEF PROVIDED. THE RESPECTIVE ADVANTAGES FOR PORTUGAL AND FOR POTENTIALLY INTERESTED COUNTRIES WERE ENUMERATED. PARTICULAR ATTENTION WAS PUT ON THE MULTIPLE OFFERS OF SUPPORT, THE ARRIVAL IN QUICK SUCCESSION OF SEVERAL INTERNATIONAL MISSIONS IN PORTUGAL, THE RELATIVE IGNORANCE OF WHAT WAS GOING ON LOOKING FROM THE OUTSIDE, THE NEED FOR A SUFFICIENTLY WIDE AND INFORMAL FORUM FOR COORDINATION (BOTH EEC AND EFTA HAD APPARENTLY MADE SIMILAR OVERTURES) AND THE TOPICS WHICH SUCH A GROUP MIGHT DISCUSS. THESE WOULD NEED TO BE OPERATIONAL IN CHARACTER, AND COULD COVER FINANCIAL AND/OR TECHNICAL SUPPORT FOR: LONGER-TERM EXTERNAL FINANCING NEEDS, OVERSEAS COMMITMENTS, INDUSTRIAL INVESTMENT AND REORGANIZATION, AGRICULTURAL PRODUCTIVITY IMPROVEMENT AND REORGANIZATION, FISHERIES, INFRASTRUCTURES, PRIMARILY TRANSPORT, PUBLIC ADMINISTRATION, EDUCATION REFORM, EMIGRATION.

SOME CONSULTANCE WOULD PROBABLY BE REQUIRED ON SOME OF THESE TOPICS.

THE POINT WAS TAKEN THAT THE WHOLE OPERATION WOULD REQUIRE A FIRM INTELLECTUAL AND ORGANIZATIONAL INPUT BY PORTUGAL ITSELF. I BELIEVE THAT IT WAS POSSIBLE TO DISPEL, AT LEAST IN PART, SOME SCEPTICISM ABOUT THE IDEA (E.G. IT WAS RAPIDLY CLEAR, FOR INSTANCE, THAT ANYTHING AS FORMAL AS A CONSORTIUM WOULD BE UNACCEPTABLE). HOWEVER, I DOUBT THAT A FORMAL DECISION FROM PORTUGAL IS LIKELY TO COME BEFORE THE END OF THE MONTH

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GIVEN THAT THIS IS LIKELY TO REQUIRE FULL GOVERNMENT APPROVAL. THIS IS PARTICULARLY SO SINCE MORE POLITICAL CHANGES, POSSIBLE A FURTHER MOVE TO THE LEFT, ARE ANTICIPATED IN THE NEXT TWO WEEKS. MOREOVER, IT DOES NOT HELP MATTERS THAT MR. LOURENCO, CHAIRMAN OF THE INTERMINISTERIAL COMMISSION FOR INTERNATIONAL ECONOMIC COOPERATION AND OF THE TECHNICAL COOPERATION COMMITTEE, HAD A HEART ATTACK THIS WEEK,

AND IS IN HOSPITAL. END QUOTE.  
TURNER

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## Message Attributes

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**To:** STATE  
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